

FY2014, the year ended March 31, 2015

**Flash Report on the Consolidated Results for the Year Ended March 31, 2015
[JGAAP]**

May 11, 2015

Company Name: **DAIICHIKOSHO CO., LTD.**
 Stock Exchange Listing: Tokyo Stock Exchange, JASDAQ
 Code Number: 7458
 URL: <http://www.dkkaraoke.co.jp>
 Representative: Saburo Hayashi, President
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 Phone: +81-3-3280-2151
 Date of the Ordinary General Meeting of Shareholders: June 19, 2015
 Start Date for Dividend Payment: June 22, 2015
 Scheduled Date to Submit the Securities Report: June 30, 2015
 Availability of Supplementary Briefing Material on Financial Results: Available
 Schedule of Financial Results Briefing Session: None

(Amounts below one million yen are truncated.)

1. Consolidated Performance for the Year Ended March 31, 2015 (From April 1, 2014, to March 31, 2015)

(1) Consolidated operating results (Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	133,111	1.9	19,034	(0.5)	21,082	(0.7)
Year ended March 31, 2014	130,587	1.3	19,139	4.0	21,227	(4.7)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2015	13,650	4.3	235.13	—
Year ended March 31, 2014	13,084	2.1	219.68	—

(Note) Comprehensive income:

Year ended March 31, 2015: 13,097 million yen 20.6%

Year ended March 31, 2014: 10,862 million yen (31.4)%

	Return on equity	Ordinary income to total assets	Operating income to net sales
	%	%	%
Year ended March 31, 2015	13.0	12.3	14.3
Year ended March 31, 2014	13.1	13.2	14.7

(Reference) Equity in net income of unconsolidated subsidiaries and affiliates:

Year ended March 31, 2015: — million yen

Year ended March 31, 2014: 0 million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2015	180,312	110,264	60.5	1,879.44
Year ended March 31, 2014	161,587	102,268	62.6	1,736.70

(Reference) Shareholders' equity:

Year ended March 31, 2015: 109,049 million yen

Year ended March 31, 2014: 101,114 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at the end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended March 31, 2015	30,264	(18,459)	3,672	60,007
Year ended March 31, 2014	27,298	(15,415)	(9,458)	44,381

2. Dividend

	Annual dividend				
	First Quarter	Second Quarter	Third Quarter	Year-end	Total
		Yen		Yen	Yen
Year ended March 31, 2014	—	30.00	—	35.00	65.00
Year ended March 31, 2015	—	50.00	—	50.00	100.00
Year ending March 31, 2016 (forecast)	—	50.00	—	50.00	100.00

	Aggregate amount of dividend (total)	Payout ratio (consolidated)	Ratio of dividends to net assets (consolidated)
	Millions of yen	%	%
Year ended March 31, 2014	3,829	29.6	3.8
Year ended March 31, 2015	5,802	42.5	5.5
Year ending March 31, 2016 (forecast)		43.6	

3. Forecast Consolidated Performance for FY2015, the Year Ending March 31, 2016 (From April 1, 2015, to March 31, 2016)

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2015	70,100	7.8	9,800	1.2	10,800	0.1
Year ending March 31, 2016 (full year)	142,500	7.1	20,700	8.7	22,500	6.7

	Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Yen
Six months ending September 30, 2015	6,500	0.1	112.03
Year ending March 31, 2016 (full year)	13,300	(2.6)	229.22

*Notes

(1) Significant changes in subsidiaries during the period under review (changes to specific subsidiaries resulting from changes in scope of consolidation): None

Newly consolidated:—(Company name: —)

Eliminated from the scope of consolidation:—(Company name: —)

(2) Changes in accounting standard, accounting estimation change and error correction

1) Changes due to changes in accounting standard: Yes

2) Changes due to changes in accounting standard except (2) 1): None

3) Changes due to accounting estimation change: None

4) Error correction: None

(3) Number of common shares issued

1) Number of shares issued
(including treasury shares)

2) Number of treasury shares

3) Average number of shares
during the period

As of March 31, 2015	58,025,000 shares	As of March 31, 2014	58,225,000 shares
As of March 31, 2015	2,879 shares	As of March 31, 2014	2,714 Shares
Year ended March 31, 2015	58,058,109 shares	Year ended March 31, 2014	59,560,920 shares

(Reference) Outline of Nonconsolidated Financial Results

1. Nonconsolidated Performance for the Year Ended March 31, 2015 (From April 1, 2014, to March 31, 2015)

(1) Nonconsolidated operating results

(Percentage figures indicate increase/decrease from a year earlier.)

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended March 31, 2015	93,522	1.0	13,931	3.9	16,450	4.8
Year ended March 31, 2014	92,605	1.8	13,409	9.3	15,695	(5.9)

	Net income		Net income per share	Fully diluted net income per share
	Millions of yen	%	Yen	Yen
Year ended March 31, 2015	11,455	8.8	197.31	—
Year ended March 31, 2014	10,532	4.0	176.83	—

(2) Nonconsolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
Year ended March 31, 2015	133,587	70,144	52.5	1,208.93
Year ended March 31, 2014	115,021	64,640	56.2	1,110.23

(Reference) Shareholders' equity:

Year ended March 31, 2015: 70,144 million yen

Year ended March 31, 2014: 64,640 million yen

* Presentation regarding the implementation status of the audit procedure:

This flash report on the consolidated results is not covered by the audit procedure stipulated in the Financial Instruments and Exchange Act. At the time of the publication of this report, the audit procedure for consolidated financial statements is being implemented.

* Explanation for the appropriate use of performance forecasts and other special notes:

The statements regarding forecast of financial results in this report are based on the information that is available, as well as estimates, assumptions and projections that are believed to be reasonable at the time of publication.

Therefore, there might be cases in which actual results greatly differ from forecast values.

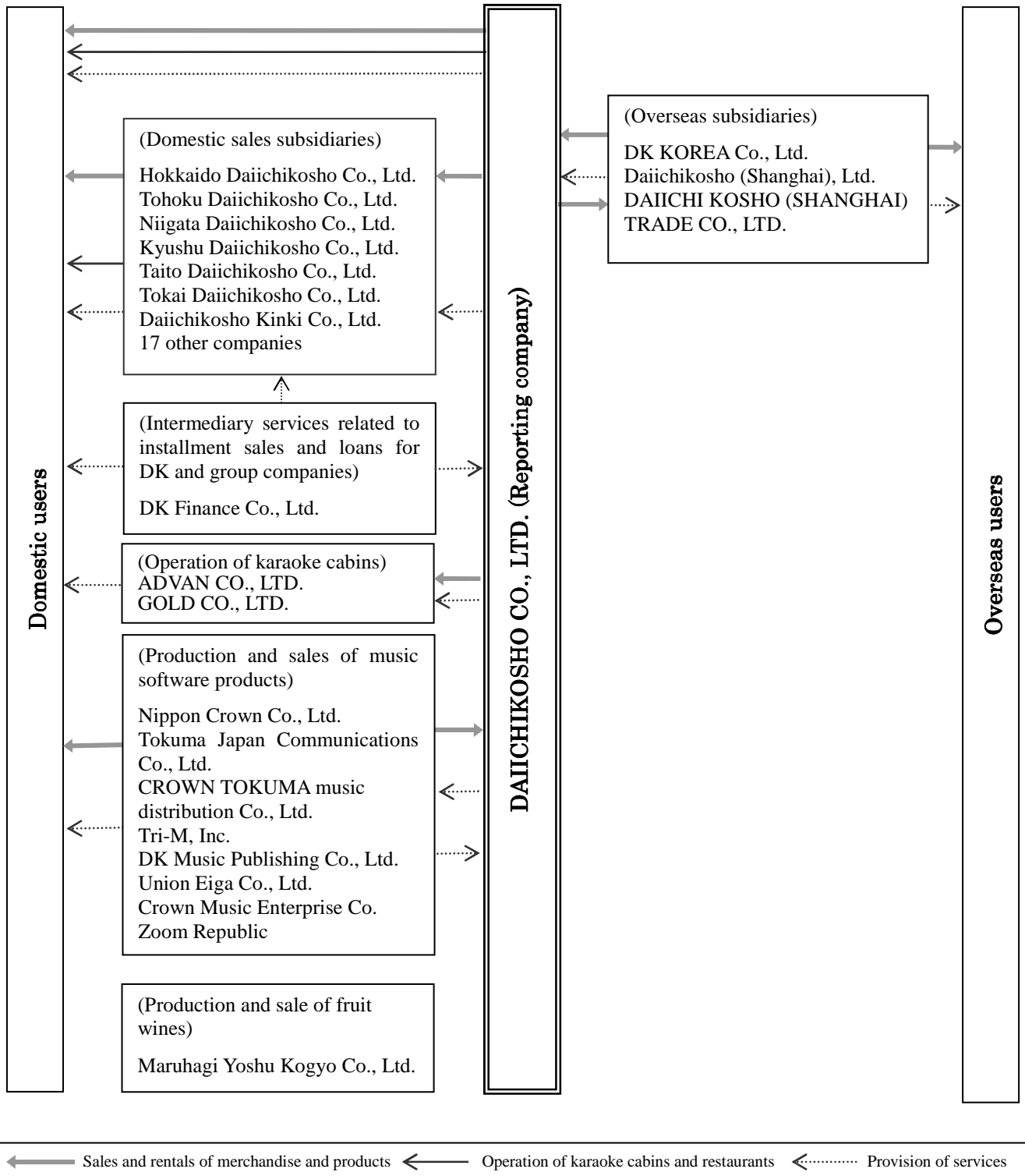
(Attachment)

Corporate Group

The Daiichikoshō Group (“DKG”) consists of Daiichikoshō Co., Ltd. (“DK” or “the company”) and 39 consolidated subsidiaries. The major group companies engage in sales and rental of commercial-use karaoke equipment, supply of sound source and video content for communication karaoke, operation of karaoke cabins and restaurants, and production and sales of music and video software products.

Business segment	Business line	Domestic	Overseas
Commercial karaoke	Sales and rental of commercial-use karaoke equipment and supply of sound source and video content for communication karaoke	DK Hokkaido Daiichikoshō Co., Ltd., Tohoku Daiichikoshō Co., Ltd., Taito Daiichikoshō Co., Ltd., Niigata Daiichikoshō Co., Ltd., Tokai Daiichikoshō Co., Ltd., Daiichikoshō Kinki Co., Ltd., Kyushu Daiichikoshō Co., Ltd., and 19 other subsidiaries	DK KOREA Co., Ltd., Daiichikoshō (Shanghai), Ltd., and 1 other subsidiary
Karaoke cabin and restaurant	Operation of karaoke cabins and restaurants		
Music software	Production and sales of music and video software products	DK Nippon Crown Co., Ltd., Tokuma Japan Communications Co., Ltd., CROWN TOKUMA music distribution Co., Ltd., Union Eiga Co., Ltd., and 4 other subsidiaries	
Other	Background music (BGM) broadcasting, supply of content services via mobile phone and real estate lease and rental, etc.	DK DK Finance Co., Ltd., and Maruhagi Yoshu Kogyo Co., Ltd.	

The following diagram schematically shows the relationships of the respective group companies and businesses.



Consolidated Financial Statements

(1) Consolidated Balance Sheets

	(Millions of yen)	
	FY2013	FY2014
	(As of March 31, 2014)	(As of March 31, 2015)
Assets		
Current assets		
Cash and deposits	44,223	59,747
Notes and accounts receivable - trade	6,403	7,016
Securities	426	443
Inventories	7,000	6,933
Deferred tax assets	1,405	1,222
Other	4,401	4,697
Allowance for doubtful accounts	(131)	(139)
Total current assets	63,729	79,920
Non-current assets		
Property, plant and equipment		
Buildings and structures	12,801	13,086
Accumulated depreciation	(8,144)	(8,544)
Buildings and structures, net	4,656	4,542
Karaoke equipment for rental	34,895	36,887
Accumulated depreciation	(26,605)	(27,624)
Karaoke equipment for rental, net	8,289	9,262
Karaoke cabin and restaurant facilities	38,537	41,705
Accumulated depreciation	(22,832)	(24,469)
Karaoke cabin and restaurant facilities, net	15,705	17,236
Land	26,095	26,339
Other	5,690	5,436
Accumulated depreciation	(4,758)	(4,424)
Other, net	931	1,011
Total property, plant and equipment	55,679	58,393
Intangible assets		
Goodwill	1,675	1,235
Other	6,016	6,350
Total intangible assets	7,691	7,585
Investments and other assets		
Investment securities	14,621	13,263
Long-term loans receivable	741	468
Deferred tax assets	4,052	4,468
Lease and guarantee deposits	13,752	14,392
Other	1,439	1,907
Allowance for doubtful accounts	(121)	(87)
Total investments and other assets	34,486	34,413
Total non-current assets	97,857	100,392
Total assets	161,587	180,312

DAIICHIKOSHO CO., LTD.

(Millions of yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,492	4,723
Short-term loans payable	4,501	3,949
Accounts payable - other	7,340	8,998
Income taxes payable	5,375	5,007
Provision for bonuses	1,103	1,063
Other	3,834	3,703
Total current liabilities	26,647	27,446
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	13,367	23,161
Deferred tax liabilities	66	83
Provision for directors' retirement benefits	2,296	2,426
Net defined benefit liability	5,075	4,780
Other	1,865	2,149
Total non-current liabilities	32,670	42,602
Total liabilities	59,318	70,048
Net assets		
Shareholders' equity		
Capital stock	12,350	12,350
Capital surplus	4,001	4,001
Retained earnings	84,926	93,439
Treasury shares	(7)	(8)
Total shareholders' equity	101,270	109,782
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,172	318
Revaluation reserve for land	(777)	(733)
Foreign currency translation adjustment	51	210
Remeasurements of defined benefit plans	(602)	(528)
Total accumulated other comprehensive income	(156)	(733)
Minority interests	1,153	1,215
Total net assets	102,268	110,264
Total liabilities and net assets	161,587	180,312

**(2) Consolidated Statements of Income and Comprehensive Income
(Consolidated Statements of Income)**

	(Millions of yen)	
	FY2013 (From April 1, 2013, to March 31, 2014)	FY2014 (From April 1, 2014, to March 31, 2015)
Net sales	130,587	133,111
Cost of sales	76,800	79,943
Gross profit	53,787	53,168
Selling, general and administrative expenses		
Advertising expenses	2,680	1,892
Promotion expenses	1,870	2,099
Packing and freight expenses	1,017	923
Directors' compensations	1,668	1,656
Provision for directors' retirement benefits	310	260
Salaries and bonuses	13,705	13,580
Provision for bonuses	879	872
Retirement benefit expenses	556	614
Rent expenses	1,301	1,297
Depreciation	737	746
Other	9,921	10,190
Total selling, general and administrative expenses	34,648	34,134
Operating income	19,139	19,034
Non-operating income		
Interest income	1,005	993
Cooperative monetary aid received	512	527
Compensation income	283	-
Other	996	981
Total non-operating income	2,798	2,502
Non-operating expenses		
Interest expenses	290	309
Other	420	145
Total non-operating expenses	710	454
Ordinary income	21,227	21,082
Extraordinary income		
Gain on sales of non-current assets	31	40
Gain on sales of investment securities	2,126	173
Receipt cancellation fee	-	2,319
Total extraordinary income	2,157	2,533
Extraordinary losses		
Loss on disposal of non-current assets	546	387
Impairment loss	362	259
Other	10	-
Total extraordinary losses	918	647
Income before income taxes and minority interests	22,466	22,968
Income taxes - current	9,444	9,304
Income taxes - deferred	(162)	(54)
Total income taxes	9,281	9,250
Income before minority interests	13,184	13,718
Minority interests in income	100	67
Net income	13,084	13,650

(Consolidated Statements of Comprehensive Income)

	(Millions of yen)	
	FY2013 (From April 1, 2013, to March 31, 2014)	FY2014 (From April 1, 2014, to March 31, 2015)
Income before minority interests	13,184	13,718
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,474)	(853)
Foreign currency translation adjustment	151	158
Remeasurements of defined benefit plans, net of tax	-	73
Total other comprehensive income	(2,322)	(621)
Comprehensive income	10,862	13,097
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	10,762	13,029
Comprehensive income attributable to minority interests	100	67

(3) Consolidated Statements of Changes in Net Assets
FY2013 (from April 1, 2013 to March 31, 2014)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,350	6,026	78,119	(5)	96,490
Cumulative effects of changes in accounting policies					—
Restated balance	12,350	6,026	78,119	(5)	96,490
Changes of items during period					
Dividends of surplus			(3,881)		(3,881)
Net income			13,084		13,084
Purchase of treasury shares				(4,422)	(4,422)
Retirement of treasury shares		(2,024)	(2,394)	4,419	—
Reversal of revaluation reserve for land					—
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,024)	6,807	(2)	4,780
Balance at end of current period	12,350	4,001	84,926	(7)	101,270

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	3,646	(777)	(100)	—	2,768	1,056	100,315
Cumulative effects of changes in accounting policies							—
Restated balance	3,646	(777)	(100)	—	2,768	1,056	100,315
Changes of items during period							
Dividends of surplus							(3,881)
Net income							13,084
Purchase of treasury shares							(4,422)
Retirement of treasury shares							-
Reversal of revaluation reserve for land							—
Net changes of items other than shareholders' equity	(2,474)	—	151	(602)	(2,924)	97	(2,827)
Total changes of items during period	(2,474)	—	151	(602)	(2,924)	97	1,953
Balance at end of current period	1,172	(777)	51	(602)	(156)	1,153	102,268

FY2014 (from April 1, 2014 to March 31, 2015)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	12,350	4,001	84,926	(7)	101,270
Cumulative effects of changes in accounting policies			447		447
Restated balance	12,350	4,001	85,373	(7)	101,717
Changes of items during period					
Dividends of surplus			(4,938)		(4,938)
Net income			13,650		13,650
Purchase of treasury shares				(603)	(603)
Retirement of treasury shares			(602)	602	—
Reversal of revaluation reserve for land			(43)		(43)
Net changes of items other than shareholders' equity					
Total changes of items during period	—	—	8,065	(0)	8,064
Balance at end of current period	12,350	4,001	93,439	(8)	109,782

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,172	(777)	51	(602)	(156)	1,153	102,268
Cumulative effects of changes in accounting policies							447
Restated balance	1,172	(777)	51	(602)	(156)	1,153	102,715
Changes of items during period							
Dividends of surplus							(4,938)
Net income							13,650
Purchase of treasury shares							(603)
Retirement of treasury shares							—
Reversal of revaluation reserve for land							(43)
Net changes of items other than shareholders' equity	(853)	43	158	73	(577)	61	(516)
Total changes of items during period	(853)	43	158	73	(577)	61	7,548
Balance at end of current period	318	(733)	210	(528)	(733)	1,215	110,264

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2013 (From April 1, 2013, to March 31, 2014)	FY2014 (From April 1, 2014, to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	22,466	22,968
Depreciation	13,378	13,901
Impairment loss	362	259
Increase (decrease) in provision for directors' retirement benefits	207	130
Interest and dividend income	(1,151)	(1,131)
Interest expenses	290	309
Loss (gain) on sales of investment securities	(2,118)	(173)
Foreign exchange losses (gains)	119	(7)
Loss (gain) on disposal of non-current assets	514	347
Decrease (increase) in notes and accounts receivable - trade	1,970	(602)
Decrease (increase) in inventories	(808)	116
Transfer of cost of sales on karaoke equipment for rental	335	144
Increase (decrease) in notes and accounts payable - trade	(88)	191
Increase (decrease) in accounts payable - other	(1,206)	2,030
Other, net	651	615
Subtotal	34,923	39,099
Interest and dividend income received	1,149	1,155
Interest expenses paid	(287)	(306)
Income taxes paid	(8,487)	(9,683)
Net cash provided by (used in) operating activities	27,298	30,264
Cash flows from investing activities		
Increase in term deposits	(89)	(179)
Proceeds from decrease in term deposits	182	264
Purchase of property, plant and equipment	(10,974)	(12,479)
Proceeds from sales of property, plant and equipment	246	146
Purchase of intangible assets	(3,498)	(3,964)
Payments for acquisition of video licenses	(1,761)	(1,746)
Purchase of investment securities	(9,358)	(5,044)
Proceeds from sales of investment securities	11,989	5,224
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,629)	—
Payments of loans receivable	(757)	(422)
Collection of loans receivable	782	785
Payments for lease and guarantee deposits	(1,279)	(1,370)
Proceeds from collection of lease and guarantee deposits	655	398
Other, net	76	(73)
Net cash provided by (used in) investing activities	(15,415)	(18,459)

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(Millions of yen)

	FY2013 (From April 1, 2013, to March 31, 2014)	FY2014 (From April 1, 2014, to March 31, 2015)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(30)	81
Proceeds from long-term loans payable	2,390	12,360
Repayment of long-term loans payable	(3,478)	(3,198)
Cash dividends paid	(3,883)	(4,936)
Purchase of treasury shares	(4,422)	(603)
Other, net	(34)	(30)
Net cash provided by (used in) financing activities	(9,458)	3,672
Effect of exchange rate change on cash and cash equivalents	(5)	148
Net increase (decrease) in cash and cash equivalents	2,418	15,626
Cash and cash equivalents at beginning of period	41,963	44,381
Cash and cash equivalents at end of period	44,381	60,007

Notes to the Consolidated Financial Statements

(Segment Information)

FY2013 (From April 1, 2013, to March 31, 2014)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	66,047	47,086	10,463	123,598	6,989	130,587	—	130,587
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	66,047	47,086	10,463	123,598	6,989	130,587	—	130,587
Segment income (Operating income)	13,155	6,591	966	20,712	1,303	22,015	(2,875)	19,139
Other items								
Depreciation and amortization	8,336	2,931	51	11,320	320	11,641	17	11,658
Amortization of goodwill	2	152	—	155	—	155	—	155

Note: The (2,875) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

FY2014 (From April 1, 2014 to March 31, 2015)

(Millions of yen)

	Reportable segments				Other	Total	Adjusted amount (Note)	Amount on consolidated statements of income
	Commercial karaoke	Karaoke cabin and restaurant	Music software	Subtotal				
Sales								
Sales to third parties	63,902	52,723	9,863	126,489	6,622	133,111	—	133,111
Intersegment sales and transfers	—	—	—	—	—	—	—	—
Total	63,902	52,723	9,863	126,489	6,622	133,111	—	133,111
Segment income (Operating income)	12,978	7,219	400	20,598	1,243	21,842	(2,808)	19,034
Other items								
Depreciation and amortization	8,656	3,044	51	11,752	331	12,084	19	12,104
Amortization of goodwill	2	437	—	440	—	440	—	440

Note: The (2,808) million yen adjustment posted to segment income is primarily composed of general and administrative expenses incurred by the administrative department at the head office that are not attributable to any particular reportable segment.

(Changes in Accounting Policies)

(Application of Accounting Standard for Retirement Benefits)

The Company has applied Accounting Standard for Retirement Benefits (Accounting Standards Board of Japan (ASBJ) Statement No. 26, May 17, 2012, “the Retirement Benefits Accounting Standard”) and Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, March 26, 2015, “the Retirement Benefits Guidance”) from the current fiscal year, in respect of the provisions in the main text of paragraph 35 of the Retirement Benefits Accounting Standard and the main text of paragraph 67 of the Retirement Benefits Guidance, whereby the method of calculating retirement benefit obligation and service cost has been reviewed. Based on this review, the method of attributing expected retirement benefits to periods has been changed from straight-line basis to benefit formula basis, while the method of determining discount rates has been changed from the method using the discount rate based on the approximate number of years of the average remaining service period of employees, to the method using a single weighted average discount rate reflecting the period up to the expected timing of retirement benefits payment, as well as the amount of retirement benefits payment for each such period.

With regard to the application of Retirement Benefit Accounting Standard, etc., the effect of the change in the method of calculating retirement benefit obligation and service cost is stated as an adjustment to retained earnings at the beginning of the current fiscal year in accordance with the interim treatment provided for in paragraph 37 of the Retirement Benefits Accounting Standard.

As a result, net defined benefit liability at the beginning of the current fiscal year decreased by 693 million yen while retained earnings increased by 447 million yen. The impact on income or loss for the current fiscal year as well as net assets per share and net income per share was minimal.